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## Book Reviews

W. H. Lawton

A. P. R.

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PRINCIPLES OF GOVERNMENT ACCOUNTING AND REPORTING, by FRANCIS OAKEY. *D. Appleton & Company*, New York. 561 pp.

In the third volume of its series on principles of administration, the Institute for Government Research presents a study of state and municipal government accounting and reporting written by Francis Oakey, C.P.A., chief consulting accountant to that institute. The author's qualifications as stated in a preface by W. F. Willoughby, director of the Institute for Government Research, amply warrant the conclusion that his work must take rank as a standard text on government accounting.

Forty-four states have adopted budget systems, so-called, but it is not at all complimentary to American civic financial sense to find that only the accounting and reporting systems of six states and seven cities are considered worthy of commendation. The statements of even these, which have gone farthest in the direction of conforming to modern accounting principles of financial administration, are criticized as falling short of what they should be. The conclusion, then, is that most of the budget laws are mere sops thrown to satisfy the enlightened public demand for information and responsibility. There is much work to be done if their purpose of enforcing economy in the administration of public funds is to be accomplished.

The keynote of Mr. Oakey's book may be stated as "information." The usual method of writing a text on accounting is to start with the usual accounts to be found in representative ledgers, tell how to keep them, and in the final chapters explain what information they should convey. Mr. Oakey reverses the process. He first determines what information the different departments of government should have in order to function properly and efficiently; then he gives forms and accounts which will most readily convey that information. The information must be exact, clear and intelligent. A state auditor's report covering 322 pages, giving a complete list of items paid and the names of the payees, may be exact, but it is neither clear nor does it convey any intelligent information to the reader—if it is ever read.

It is difficult, if not impossible, to cover in the narrow compass of a review all the admirable features of Mr. Oakey's work. It is packed with solid meat from cover to cover. Suffice it to say it is a careful study of how state and municipal accounts should be kept and how and in what form reports should be made on governmental financial affairs. Illustrations from existing forms are given and criticized for shortcomings, and if the criticisms do sometimes appear meticulous it is to be remembered that like all other operations of government the accounting procedure tends to become fixed and inflexible from the start, particularly if inadvisedly prescribed in detail by law. So when the attempt is made to set up a standard and uniform system for government accounting, the more nearly perfect it can be made at the outset the better.

In view of the important service every public accountant can and should render in his local city or town by advocating and supporting

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correct and scientific methods in government accounting, it is not too much to say that this book should have a wide circulation in the profession.

W. H. LAWTON.

PRINCIPLES OF COSTING, by A. CATHLES. *Gee & Company*, London. 64 pp.

The second volume of The Accountant Students' Library published by Gee & Company sets forth briefly and compactly the fundamental principles to be followed in cost accounting. With these thoroughly understood a student should have little trouble in applying them to any manufacturing concern, provided there is or can be a proper organization installed. As the writer well says, "No system of costing will prove successful if the organization of the factory is bad." Hence a good part of the book is devoted to description of a model organization.

An interesting statement by the author is that the manufacturers of Great Britain are even worse than their American cousins in the amazing number who have no adequate system for determining their costs. This is not very complimentary to the profession in Great Britain, though the author seems to throw the blame on the manufacturer when he says, "\* \* \* the American manufacturer, being less conservative than his brother on this side of the Atlantic, has been quicker to adopt and install a cost system in his factories." With due acknowledgment of the compliment to the American manufacturer, nevertheless, in spite of its comparative youth, public accountancy in America may justly claim a large share in bringing about this happy result. To be sure there is vast room for improvement, as the federal trade commission has pointed out, but public accountants are preaching the gospel of cost accounting in season and out, and there is even a national association devoted to that branch of accounting.

W. H. LAWTON.

THE HIGH COST OF STRIKES, by MARSHALL OLDS. *G. Putnam's Sons*. 286 pp.

In these days when so much is said of the necessity of determining the cost of things, whether they be manufactured products, national administration or living, a peculiar interest attaches to the cost of industrial unrest. There has been a great deal of literature on the subject of strikes and their effect upon the life of the nation, but there has not been a sufficiency of evidence to indicate what disturbances, such as strikes, walk-outs, etc., actually cost the people of the land.

In a series of articles appearing in the *New York Tribune* and in *Leslie's Weekly*, Marshall Olds has discussed with an admirable impartiality some of the things which make for the retarding of prosperity. His text is the strike, and, as is to be expected, he deals more with strikes and their effects than with any other element of the present unrest. It is possible that he attributes too large a percentage of the unhappy conditions which exist to the epidemic of strikes which followed the signing of the armistice. Certain it is, however, that his facts appear incontrovertible. It is appalling to learn that during 1919 sixty per cent. of the strikes caused a primary loss of one hundred and thirty-four million

working days and a secondary loss of twice as much. It is astonishing to learn that only thirty per cent. of the strikes of 1919 were caused by a demand for increased wages, according to the strikers' own claims. On the other hand most of us learn with equanimity that practically all the strikes which were classified as victories did not bring benefit to the strikers—if we accept the strike leaders, who usually profit either way.

Mr. Olds appears to be in a position to speak without prejudice for, as he says himself: "The author has been a laborer—on a farm, as assistant in a railroad repair shop, as dock wallop, as working boss of a gang and as an assistant machinist. Except for hiring his own stenographer and occasionally an assistant, he has never been an employer."

We like Mr. Olds' book. It will do good to those who read it, even those who are quite sound in their political economics. The pity of it is that it will not be read by the millions of workmen who are misled into the belief that the labor union and all it does is for the benefit of the working man. We should describe *The High Cost of Strikes* as a textbook worthy of careful consideration by every student or practitioner of cost accounting in its broadest sense.

A. P. R.

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#### **Michigan Association of Certified Public Accountants**

At a meeting of the Michigan Association of Certified Public Accountants the following officers were elected for the ensuing year: Fred W. Morton, president; C. N. Bullock, vice-president; T. H. Evans, secretary; P. A. Kerr, treasurer.

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#### **Ohio Society of Certified Public Accountants**

A meeting of the Ohio Society of Certified Public Accountants was held at the Ohio state university October 8, 1921. The following officers were elected for the ensuing year: W. A. Coy, president; Louis G. Battelle, vice-president; W. E. Langdon, secretary and treasurer; directors: H. A. Keller, W. D. Wall, Ernest A. Roden and C. A. Gano.

The following papers were read: *Auditing Income-tax Reports by the Internal Revenue Department*, by R. F. Bishop; *Appraisals in Relation to Accounting*, by Lyle H. Olson; *Moot Questions on Balance-sheet and Profit-and-Loss Statements*, by Louis G. Battelle and *Predetermined Costs for Selling Purposes*, by Edwin William Breyer.

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Otho G. Cartwright and Robert G. Sparrow announce the consolidation of their practices under the firm name of Cartwright & Sparrow, with offices at 31 Nassau street, New York.

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W. L. Elkins and George T. Durham announce the formation of a partnership under the firm name of Elkins & Durham, with offices in the Times-Dispatch building, Richmond, Virginia.

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Charles G. Harris & Co. announce the removal of their offices to the Inter-Southern building, Louisville, Kentucky.